

**UNITED STATES DISTRICT COURT  
DISTRICT OF PUERTO RICO**

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In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

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In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY ("HTA")

Debtor.

PROMESA

Title III

No. 17 BK 3567-LTS

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**REPLY TO AMBAC ASSURANCE CORPORATION, ASSURED GUARANTY  
CORP., ASSURED GUARANTY MUNICIPAL CORP, NATIONAL  
PUBLIC FINANCE GUARANTEE CORPORATION, AND FINANCIAL  
GUARANTY INSURANCE COMPANY'S LIMITED OBJECTION TO THE JOINT  
STIPULATION REGARDING (I) THE DRA PARTIES' MOTION AND  
MEMORANDUM OF LAW IN SUPPORT OF THEIR MOTION FOR RELIEF FROM  
THE AUTOMATIC STAY, OR IN THE ALTERNATIVE, ORDERING PAYMENT OF  
ADEQUATE PROTECTION [ECF NO. 7643]; AND (II) THE DRA PARTIES' MOTION  
AND MEMORANDUM OF LAW IN SUPPORT OF THEIR NOTICE THAT THE DRA  
IS A PARTY IN INTEREST AND CAN PARTICIPATE IN THE MONOLINES  
AMENDED LIFT STAY LITIGATION [ECF NO. 10835]**

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<sup>1</sup> The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

To the Honorable United States District Court Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), pursuant to the authority granted to it under the Enabling Act of the Fiscal Agency and Financial Advisory Authority, Act 2-2017; the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board” or “FOMB,” and together with AAFAF, the “Government Parties”), in its capacity as representative of the Commonwealth of Puerto Rico (the “Commonwealth”) and the Puerto Rico Highways and Transportation Authority (“HTA”) pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act*, 48 U.S.C. § 2101 *et seq.* (“PROMESA”); AmeriNational Community Services, LLC (the “Servicer”), as servicer for the GDB Debt Recovery Authority (the “DRA”), and Cantor-Katz Collateral Monitor LLC, a Delaware limited liability company (the “Collateral Monitor,” and together with the Servicer, collectively, the “DRA Parties”),<sup>2</sup> by and through their respective attorneys, respectfully submit this reply (the “Reply”) to *Ambac Assurance Corporation, Assured Guaranty Corp., Assured Guaranty Municipal Corp., National Public Finance Guarantee Corporation, and Financial Guaranty Insurance Company’s Limited Objection to the Joint Stipulation Regarding (I) The DRA Parties’ Motion and Memorandum of Law in Support of their Motion for Relief from the Automatic Stay, or in the Alternative, Ordering Payment of Adequate Protection [ECF No. 7643]; and (II) The DRA Parties’ Motion and Memorandum of Law in Support of their Notice that the DRA is a Party in Interest and can Participate in the Monolines Amended Lift Stay Litigation [ECF No.*

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<sup>2</sup> AAFAF, the Oversight Board, and the DRA Parties are sometimes hereinafter referred to as the “Parties” and each, a “Party”.

10835] (the “Limited Objection”).<sup>3</sup> In support of this Reply, the Parties respectfully states as follows:

1. By filing the Joint Stipulation, the Parties are not seeking to circumvent the Court process or limit the rights of the Monolines. Instead, the Joint Stipulation simply reflects the terms upon which the Government Parties believe the intervention of the DRA Parties in the Monolines’ Lift Stay Motion is reasonable and appropriate. It was the Parties’ expectation that this Court would consider the objection of the Monolines to the DRA Parties’ intervention in determining whether to approve the Joint Stipulation.<sup>4</sup>

2. Moreover, a central component of the Joint Stipulation was a stay of the DRA Lift Stay Motion, which was scheduled to commence on February 21, 2020. The DRA Parties and the Government Parties collectively agreed that given the timeline of the Monolines’ Lift Stay Motion and the Overlapping Issues (as identified in the Joint Stipulation), it was in the collective best interest of the Parties and the Court to stay the DRA Lift Stay Motion until the Court adjudicates the standing and security issues pending in the Monoline dispute. An agreement on the stay of the DRA Lift Stay Motion, however, could only be achieved as part of the broader agreement embodied in the Joint Stipulation, including a resolution of the Government Parties’ objection to the intervention request.

3. If the Court declines to approve the Joint Stipulation, the Parties will meet and confer regarding a revised schedule to the DRA Lift Stay Motion and will seek Court approval of such amended schedule to the extent an agreement is reached.

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<sup>3</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Joint Stipulation or the Limited Objection, as applicable.

<sup>4</sup> To this end, the DRA Parties will be filing a separate reply to the Monolines’ objection in further support of their request for participation in the Monolines’ lift stay motion.

Dated: February 25, 2020  
San Juan, Puerto Rico

Respectfully submitted,

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Dated: February 25, 2020  
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Respectfully submitted,

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